



Deep Dive into Consumer Behaviour and Retention



Why We Chose Newdia: A Unique Business at the Intersection of Lifestyle and Cannabis



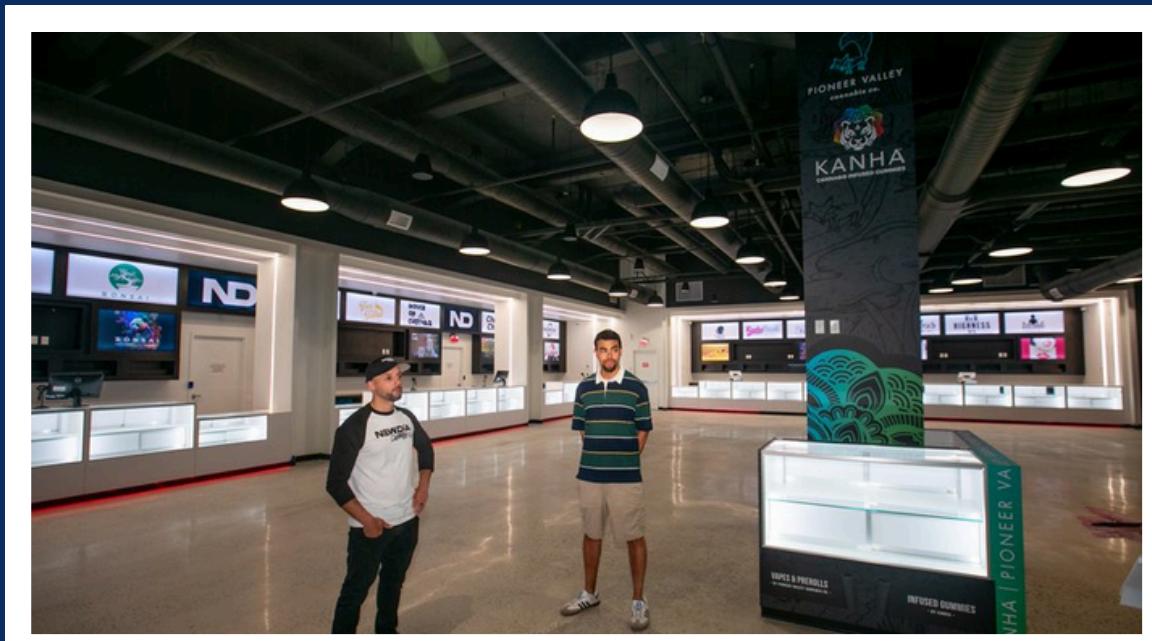
Experience-Driven Retail



Cultural Nexus



Community Focus



↔ 11,200 sq. ft



FLOWER



PRE-ROLLS



CONCENTRATES

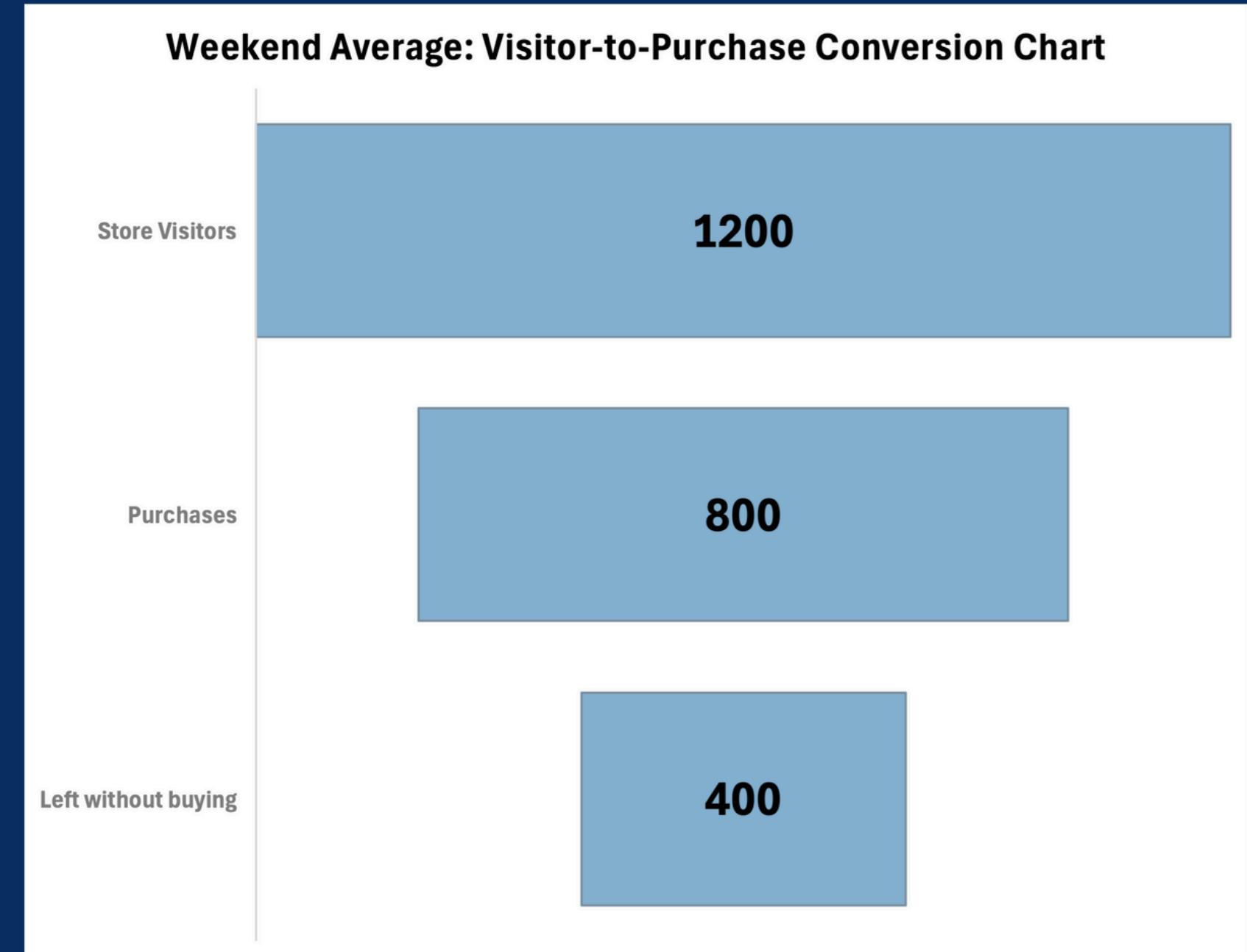


EDIBLES

NEWDIA
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Challenge: Customer Retention - Repeat customers are transactional and strategies are needed to engage them more

- Newdia primarily serves college students, Red Sox fans, and local residents, shaping its product and marketing approach.
- With a 66.7% conversion rate, 1 in 3 visitors leave without making a purchase, indicating room to optimize in-store experience, pricing, or product selection.
- While Newdia has returning shoppers, their purchases lack engagement or loyalty, highlighting a need for retention strategies beyond just discounts.
- Medical marijuana customers spend more but currently make up less than 1% of Newdia's customer base. Expanding outreach to this segment could significantly boost revenue.



The U.S. marijuana industry is growing, with a 9.7% revenue jump in 2024

Industry Overview

- CAGR: 20.8%, reaching \$40.5 billion in revenue in 2024.
- U.S. market remains fragmented with no dominant players.
- Recreational marijuana sales have surpassed medical marijuana.



Boston ranks 23rd in U.S. weed consumption: 6.07g per capita annually

Challenges

- Regulation remains the biggest barrier to industry growth.
- DEA proposed reclassifying cannabis as a Schedule III drug but has not taken action.
- Limited access to financial services restricts dispensaries from scaling operations.

Innovation

- Dispensaries are expanding online, allowing customers to browse, compare prices, and place orders.
- Curbside pickup & home delivery provide added convenience for consumers.
- Hiring knowledgeable cannabis experts enhances customer service and personalized recommendations.

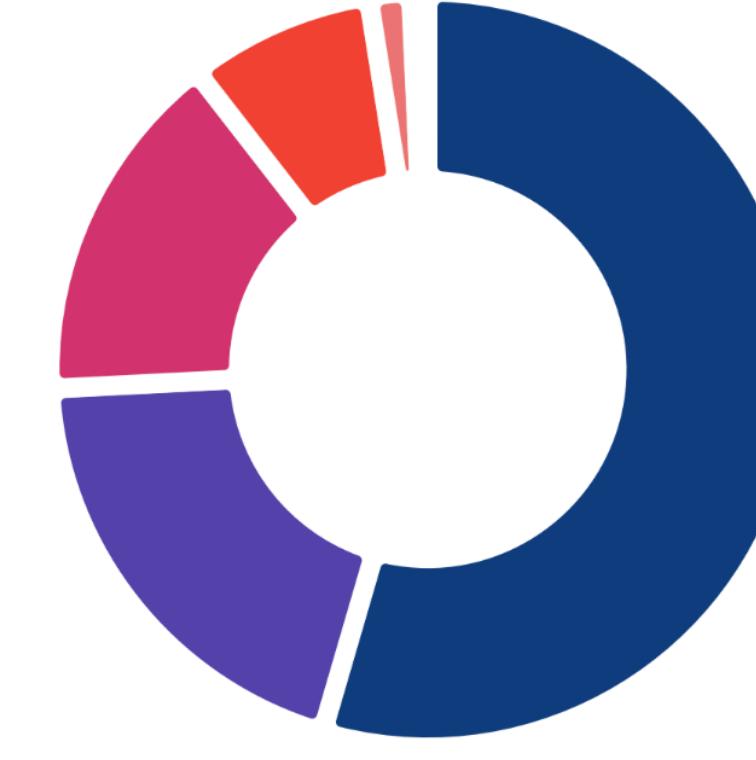
As Gen Z ages into the legal market, demand is expected to grow rapidly



Source: IBISWorld

Major Markets Segmentation

- Millennials (\$19.8bn) 49.0%
- Generation Z (\$8.8bn) 21.8%
- Generation X (\$8.6bn) 21.2%
- Baby Boomers (\$3.2bn) 8.0%



Source: IBISWorld

Products and Services Segmentation

- Flower products (\$22.1bn) 54.5%
- Concentrates (\$8.0bn) 19.7%
- Pre-rolled joints (\$6.2bn) 15.3%
- Edibles and ingestibles (\$3.2bn) 8.0%
- Accessories (\$728.6m) 1.8%
- Topicals (\$161.9m) 0.4%
- Cartridges (\$121.4m) 0.3%

Market Trends



- Daily marijuana use has surpassed daily alcohol consumption.
- Edibles, oils, and vapes are gaining popularity, with new products attracting more hesitant demographics.
- Higher disposable income fuels recreational marijuana demand.
- Sales spike around major events and holidays such as 4/20 and Thanksgiving.

In-Store Buying Behavior: Create targeted support based on consumer needs to increase engagement

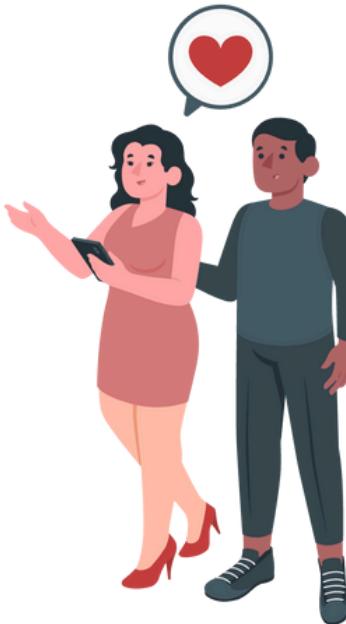


Regular Buyers



Quick, transactional purchases

Paired Shoppers



Influenced by promotions & social interactions

Student Groups



Discount-driven, highly price-sensitive

Challenges

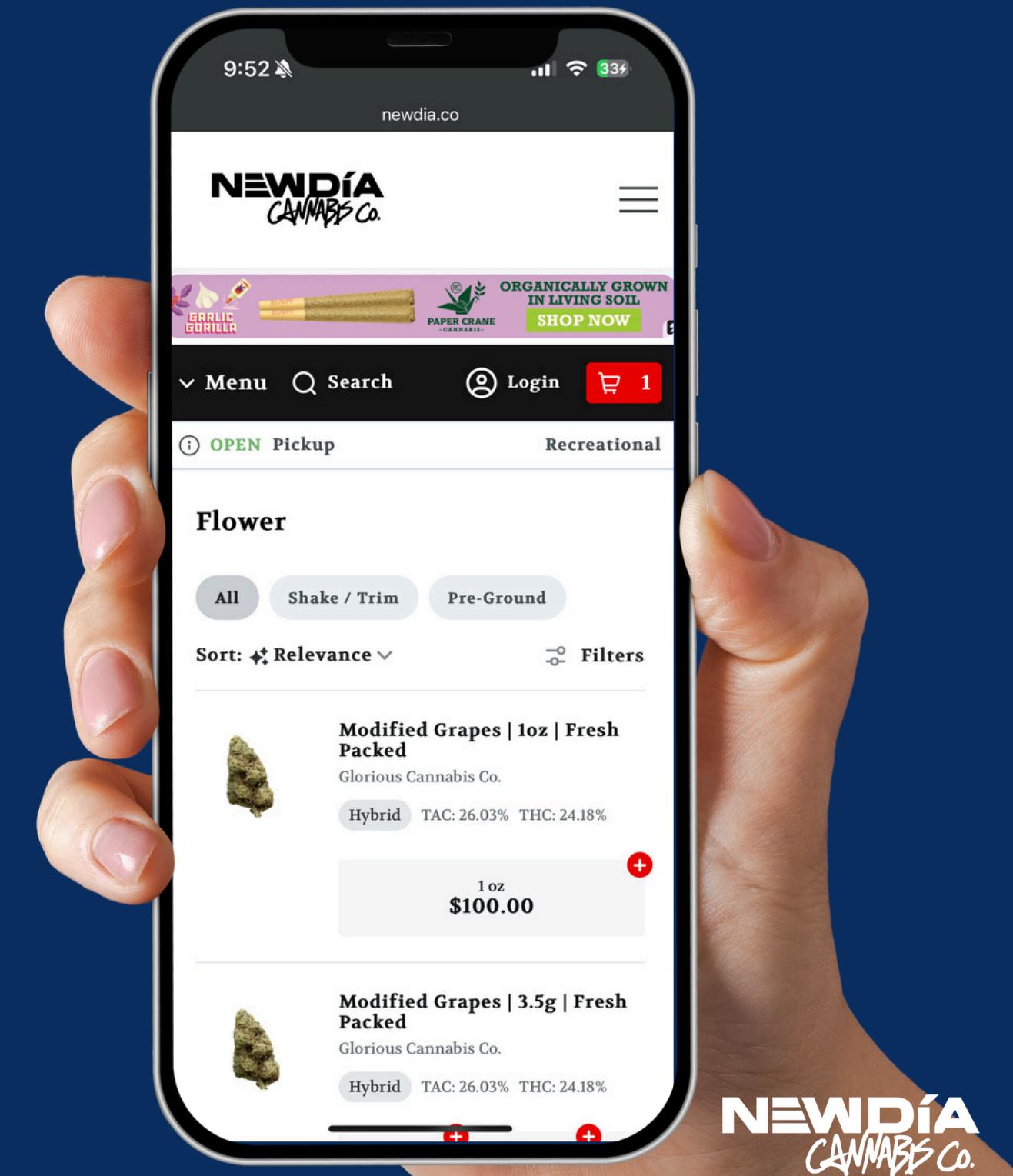
- Poor wayfinding & signage
- Limited engagement beyond checkout
- Seasonal drop in foot traffic
- Lack of vehicle parking

Insights

- Clearer signage or guided in-store navigation can enhance the shopping experience.
- Discount timing and loyalty incentives can help counteract seasonality.

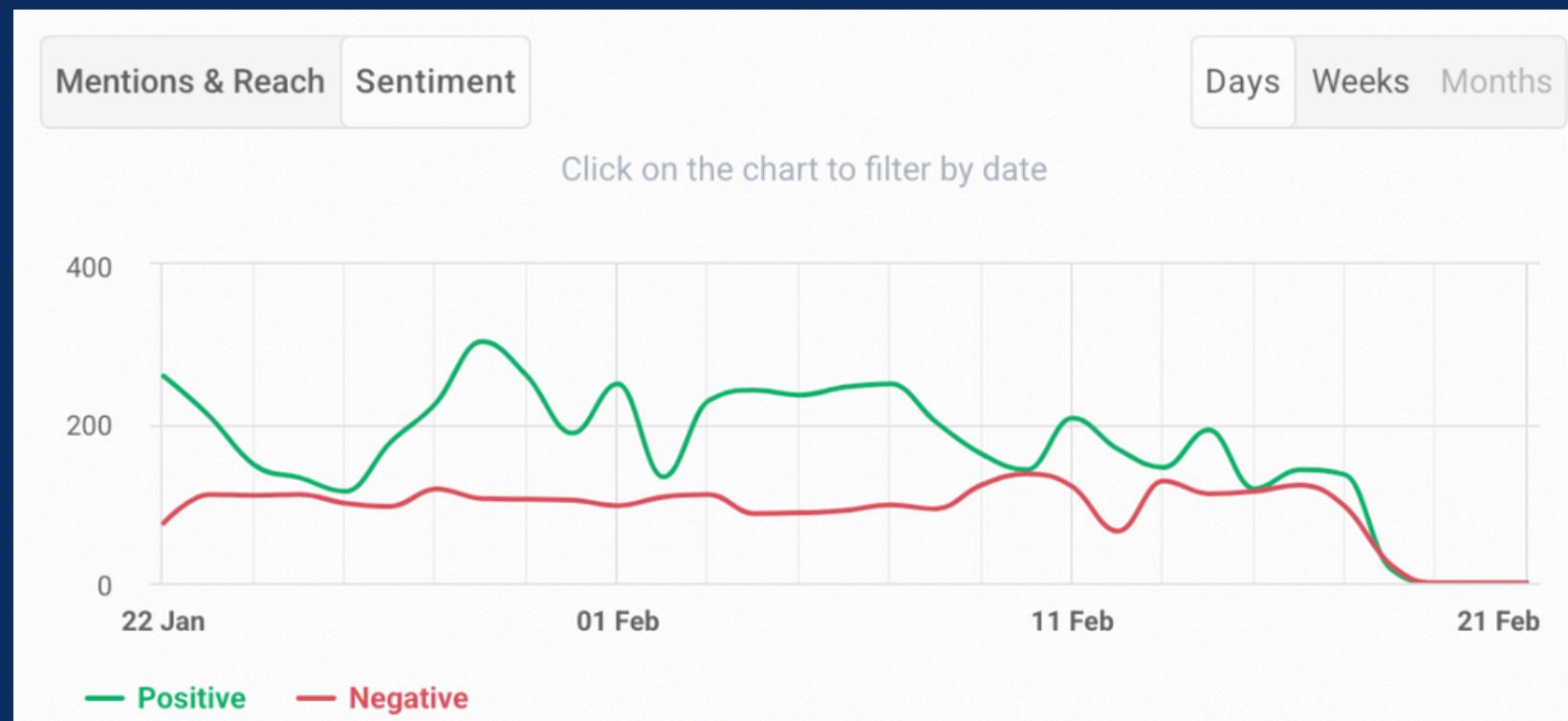
Online Buying Behavior: Optimizing mobile checkout and enhancing content visibility can improve conversions and engagement

- **Mobile-First, but Checkout Struggles:** 78.7% of users browse on mobile, yet checkout abandonment is high due to form-filling issues and payment friction.
- **Top Viewed Categories:** Consumers primarily explore flowers, vaporizers, edibles, and pre-rolls, indicating strong demand in these segments.
- **Low Engagement on Informative Content:** Blog posts and event pages see minimal interaction, suggesting a need for better promotion or integration with the shopping experience.
- **Browse Online, Buy In-Store:** Many users research products online but prefer completing purchases in person.
- **Social Media Drives Impulse Buys:** A significant portion of traffic comes from social media, influencing spontaneous shopping behavior.



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Social Media: Growing reach & overall positive brand perception



Reddit Sentiment Analysis

- **Engagement & Community Interest:** With 6.6K interactions, there is a good level of engagement and brand content is resonating with audiences.
- **Active Brand Mentions:** People are talking about the brand, which is crucial for word-of-mouth growth.
- **Positive Sentiment:** The Reddit Sentiment Analysis shows more positive sentiment than negative, indicating favorable discussions around the brand.



Jan-Feb '25

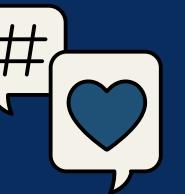
3M reach

6.6K interactions (likes, comments, etc.)

622 mentions



Customer Interview Insights: Trust, price, and discretion drive consumer behaviour



Context-Driven Consumption: Product choice varies by social setting and intent: joints for group use, edibles for private consumption, and vapes for discretion.

Familiarity Over Experimentation: Word-of-mouth recommendations from trusted friends outweigh digital marketing in driving brand preference. Customers stick to what they know.

Low Brand Loyalty: Most shoppers prioritize convenience and cost, making them quick to switch for better deals or discounts. While quality is important, price sensitivity is a major factor.

Discretion & Stigma: While younger consumers are more open, those from conservative backgrounds may hide their cannabis use. Some avoid discussing purchases openly, making targeted marketing and outreach challenging.

Customer Interview Insights: Convenience, affordability, and ease of purchase are recurring themes

1

Location driven decisions

Convenience outweighs brand loyalty for many. Customers prefer dispensaries based on proximity and ease of access (e.g., Customer 2 chooses nearby stores, while Customer 3 prioritizes accessibility).

2

Simplified shopping wins

A fast, hassle-free purchase experience is key. Multiple customers (including Customer 1 & 3) prefer streamlined ordering, with delivery as a preferred option.

3

Quality vs. Price

While quality is important, price sensitivity is a major factor. Customers aim to strike a balance, often seeking value for money.

4

Promotions influence purchases

Discounts and bundled offers make buying decisions easier. Clear, straightforward deals enhance the shopping experience and drive sales.

5

Flexible payment matters

The ability to go cashless, avoid ATM fees, and use seamless payment methods improves customer satisfaction.

Social stigma, pricing concerns, and inconvenient delivery options create friction in the customer journey



Consumer Pain Points

Social Stigma

While cannabis is legal, deep-rooted cultural and familial stigma still discourages many from consuming it openly. This hesitation limits both first-time users and repeat buyers.

Price vs. Quality Dilemma

Consumers struggle to find the right balance between affordability and premium quality. High-potency products often come with a hefty price tag, making it challenging for budget-conscious buyers to justify the spend.

Delivery Frustrations

Long wait times, high fees, and limited delivery windows make ordering cannabis a hassle. The lack of same-day delivery options further adds to consumer dissatisfaction.

Strategic Implications

Product



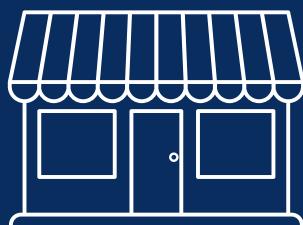
- Pricing & promotions: Benchmark against competitors' prices, deals and consumers' willingness to pay.
- Subscription-based option: Consider a subscription model for repeat customers, allowing them to receive products on a scheduled basis with potential discounts or perks.
- Exclusive product drops: Introduce limited-edition strains to differentiate from competitors.

Marketing



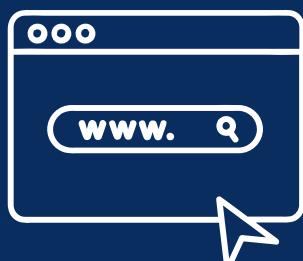
- Target promotions to specific consumer segments: Develop tailored marketing campaigns for each target audience (e.g. students, skateboard/street YA, post-game/concert-goers).
- Personalized SMS/email notifications: Remind customers when their favorite products are back in stock to encourage repeat purchases.

Offline (In-Store)



- Optimize storefront and interior signage: Improve signage placement and messaging to enhance awareness, guide customers effectively, and highlight promotions.
- Enhance in-store experience: Introduce (sensory- smell, feel. etc.) testers and/or samples.
- Loyalty incentives or facilitate delivery during off season to counteract low foot traffic.

Online (Website)



- Improve checkout conversion: Investigate drop-off points in the buying process.
- Boost product categories: Flower, vaporizers, edibles, and pre-rolls should be prominently featured.
- Optimize the blog strategy: Blogs have low engagement; consider integrating them into popular pages.

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Notes:

- We utilized various social media listening tools as instructed by the professor to gather and analyze data, ensuring comprehensive insights into the topic.
- Much of the information presented has been extracted and summarized from Newdia's internal report, website & sales data.
- Generative AI was used to revise sentences, check for grammar and coherence.

*Thank
You*

